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RH

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Inventory Pricing Policy

REFERENCES : (a) Routing and Record Sheet from DD/S to the
Comptroller and D/L dated 15 May 1961,
Number DD/S 61-1546
(b) Memorandum to Chief, TAS/Comptroller and
Chief, Supply Division/OL dated 29 June
1961, subject: Inventory Pricing Policy

1. This memorandum contains a recommendation submitted for Deputy Director (Support) approval. Such recommendation is contained in paragraph 4.

2. Reference (a) raises a question as to whether the Agency should revise its inventory pricing policy to reflect the carrying value of nonexpendable property based upon cost less allowances for depreciation and obsolescence.

3. This subject has been accorded thorough review and study jointly by this Office and the Office of the Comptroller. The conclusion has been reached that the standard pricing procedure followed by the Agency for property for the past nine years has many advantages far outweighing the advantages available from carrying nonexpendable property at cost less allowances for depreciation. A comprehensive staff study setting forth the specific technical property record keeping and financial accounting factors bearing on this question is attached as reference (b).

4. In view of the foregoing, it is recommended that no change be made to establish inventory pricing for nonexpendable property based on acquisition cost less depreciation but that the standard (fixed) pricing procedure be continued. This Office will make every effort to maintain standard prices on a completely realistic basis by repricing inventories whenever evidence is available as to significant changes in replacement costs.

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DOC	1	REV DATE	18 MAY 1961	BY	029725
ORIG CLASS	M	PAGES	18	REV CLASS	
JUST	22	NEXT REV	2011	AUTH	HR 10-2

JAMES A. GARRISON
Director of Logistics

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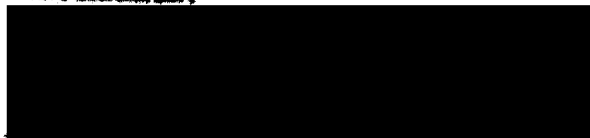
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SUBJECT: Inventory Pricing Policy

CONCURRENCE:

25X1A9A



Deputy Comptroller

29 JUN 1961

Date

The recommendation in paragraph 4 is approved:

5 July 1961

h/w

Date

* I believe that an educational program to acquaint appropriate personnel with the Inventory Pricing Policy is definitely in order and will look to the Director of Logistics to submit his recommendations for such a program not later than 1 Aug 61.

*

/s/

L. K. WHITE
Deputy Director
(Support)

Attachment

/s/ LKW

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OL/SD/PSS/ [REDACTED] (29 June 61)

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